GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2271
ANSWERED ON:11.12.2015
Loan for Agricultural Implements
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Will the Minister of FINANCE be pleased to state:

(a) the details of the schemes run by the Government for grant of loans for various agricultural implements and agricultural requirements along with the policy adopted by the Government for this purpose;

(b) the total amount of loans granted, rate of interest charged on such loans to the farmers under the schemes by banks and the loan amount outstanding against them, equipment, bank and State-wise during each of the last three years and the current year;

(c) whether banks have provided any concession to farmers for purchase of agricultural equipment who make timely repayment of loans and if so, the details thereof; and

(d) the steps taken by the Government to meet the financial requirement of farmers?

Answer

The Minister of State in the Ministry of Finance

(a): Central Government provides subsidy to farmers through State Governments under different schemes, such as Sub-Mission on Agricultural Mechanization (SMAM), National Food Security Mission (NFSM), National Mission on Oilseeds and Oil Palm (NMOOP), Mission for Integrated Development of Horticulture (MIDH) and Rashtriya Krishi Vikas Yojna (RKVY) for purchase of various agricultural equipments and machines. There is no scheme run by the Central Government exclusively for grant of loans for various agricultural implements.
However, under the extant guidelines on Priority Sector Lending issued by Reserve Bank of India (RBI), the medium and long-term loans to farmers for agriculture and allied activities, which, inter alia, include purchase of agricultural implements and machinery are covered under eligible activities under Priority Sector, so as to give a fillip to lending by banks for such activities.
As regards the agricultural requirements, Government has introduced the Kisan Credit Card (KCC) Scheme aimed at providing adequate and timely credit support from the banking system under a single window to the farmers for their cultivation & other needs, which enables them, inter alia, to purchase agricultural inputs and draw cash for their consumption needs. Further, while fixing the KCC limit, the investment credit requirement for agricultural and allied activities, such as pump sets, sprayers, etc. are taken into account under long term credit limit portion of KCC, so as to meet farmers' requirements for such activities.
Besides, National Bank for Agriculture & Rural Development (NABARD) provides refinance to banks against their long term lending to borrowers for Farm Mechanization which includes tractors, tillers, etc.

(b) & (c): There is no scheme run by the Government exclusively for grant of loans for various agricultural implements/equipments. Further, there is no scheme of Government mandating the banks to provide concession to farmers for purchase of agricultural equipment who make timely repayment of loans.

Data on bank loans for financing of agricultural implements/equipments is not maintained centrally.

(d): Some of the major steps taken by the Government to meet the financial requirement of farmers are as under:

â€¢ As per RBI's extant guidelines on Priority Sector Lending, all Domestic Scheduled Commercial Banks have been mandated to earmark 18 percent of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure(OBE), whichever is higher, as on the corresponding date of the previous year, for lending to Agriculture.

â€¢ Besides, Government of India has been setting an annual target for the flow of credit to the agriculture sector, which has been surpassed by banks over the years.

â€¢ The Government is implementing the Interest Subvention Scheme so as to make short-term crop loans upto Rs.3 lakh available to farmers at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%.

â€¢ The KCC Scheme has since been simplified which has the provision of ATM enabled debit card with, inter alia, facilities of one-time documentation, built-in cost escalation in the limit, any number of drawals within the limit, etc.

â€¢ To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have

been promoted by banks.

â€¢ Banks have been instructed by RBI to waive margin and security requirements of agricultural loans upto Rs.1,00,000/-.

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